

FY 2006 SBA E-Government Act Report

- 1. Provide a brief overview of your agency's implementation of the Act including a description of an internal agency-specific E-Government initiative.**
- Describe how the initiative is transforming agency operations.**

Office of Government Contracting and Business Development

For FY08 the SBA's Office of Government Contracting and Business Development (GC/BD) will have completed the upgrade of the HUBZone Certification System. This will lead to the processing of 2,200 online applications, the execution of 680 program examinations, and the online recertification of 2,200 certified HUBZone small business concerns in FY08. This increased workload (from prior budget years) will be accomplished, with no significant increase in the current (FY06) authorized staffing level, by expanding and upgrading components to this modular architecture. This GC/BD initiative provides for the continued development, deployment, and maintenance of a "HUBZone System." This system encompasses all substantive business processes of the HUBZone Program, including: an Internet application for program certification; determination of program eligibility based on electronic decision logic; annual recertification of firms, and decertification of firms no longer meeting eligibility criteria; processing of program review data; adjudication of protests and appeals; generation of program evaluation data; and provision of executive information system capabilities. This initiative enables the Agency to minimize long term compensation and benefits expenses through modest short-term investments in technology

Office of Disaster Assistance

SBA's Office of Disaster Assistance (ODA) has undertaken a disaster credit management modernization initiative to improve the efficiency, quality, and timeliness of disaster loan processing. The primary, on-going E-Gov initiative of the ODA is the implementation of the Disaster Credit Management System (DCMS). This effort enables ODA to efficiently streamline functions associated with its disaster loan process and disaster management process by creating electronic loan and disaster records.

The use of electronic records for disaster management, loan processing, and disbursement activities began in November 2004, and was planned for a one-year implementation phase through FY05. However, several large hurricanes, including Katrina, Rita, and Wilma, caused extensive damages throughout the Gulf Coast before the end of the rollout period, resulting in an acceleration of the system implementation.

ODA has recognized the need to plan for the long-term impacts of DCMS and has undergone a widespread organizational transformation made possible by the improvements in technology. Organizational functions which had been redundant and overlapping have since been consolidated from the historical geographic boundaries to a more streamlined functional delineation of responsibilities. The underlying technology of DCMS provided key support in the transformation to these more efficient organizational units.

Office of Capital Access

The E-Tran initiative is an SBA loan guaranty origination solution that leverages best-practice Internet technology to reduce the turnaround time on loan guaranty requests and provide the Agency with quality, timely data to support the management and oversight of its portfolio. E-Tran is one component of an overall strategy to provide increased efficiency and decreased costs in the loan guaranty origination process. As the Agency moves to expand the use of E-Tran to all of the Office of Financial Assistance's (OFA) loan programs, there will be an impact on loan operational processes. Our vision is that, with full implementation, the Agency will be able to increase efficiency, decrease cost, and move resources to areas that need manual intervention (marketing/outreach and oversight).

- **Explain how your agency maintains an ongoing dialogue with interested parties to find innovative ways to use information technology for the initiative.**

Office of Government Contracting and Business Development

HUBZone System: For small businesses that do not have access to the Internet, but wish to participate in the HUBZone Program, the Agency and its resource partners provide access assistance in submitting applications for program certification.

8(a)/SDB Internet Application Form: This application form is currently being redesigned. For small businesses that do not have access to the Internet, but wish to participate in the 8(a) Business Development and/or be certified as small disadvantaged businesses, a paper application will continue to be available.

Office of Disaster Assistance

The ODA regularly provides status reports and performs presentations of its technical solutions to a wide range of audiences. The groups include other Agency program offices, steering committees, change control boards, user groups, members of the ODA organization, and other governmental agencies. These communications permit open discussion and means to explore innovative technological solutions based on the experiences of others.

ODA staff participates in government and industry-wide forums to keep abreast of emerging technical solutions. These opportunities offer leading edge solutions for emerging technology. Unique issues involving specific industry partners have been resolved during E-Gov and program management summits.

DCMS Program Management participates in open forums for new and emerging IT initiatives. Membership in the Project Management Institute (PMI) provides dialogue and literature on current trends in the field, and the Program Manager is a certified project manager through PMI. The management also participates as speaker on various IT forums held by other partners such as GSA and certain vendors.

Office of Capital Access

The Office of Financial Assistance (OFA) is responsible for the leadership of the E-Tran initiative. Our office maintains ongoing communications with our lending community, software vendors, and IT professionals to incorporate new functionality into the application.

This includes discussing ways to incorporate E-Tran into other facets of the government lending process.

Currently the Agency communicates with our interested parties via the web, list servers, notices, and national meetings. As the community of interested parties grows, we feel confident that additional requirements will be suggested, along with the possible expanded use of our IT solution.

Our vision is that, with this dialogue, the Agency will be able to expand our use of IT (E-Tran – Servicing/Liquidation, fee payment and reporting) to improve processes, increase efficiency for the lending community/Agency, and decrease cost.

- **Identify external partners (e.g., Federal, State or local agencies, industry) who collaborate on the initiative.**

Office of Government Contracting and Business Development

The HUBZone System is not now a multi-agency system. Under the aegis of the Integrated Acquisition Environment (IAE), the system is interdependent with the Department of Defense's Centralized Contractor Registry (CCR) and the SBA's Small Business Source System (SBSS), and their successors in the Business Partners Network (BPN).

Office of Disaster Assistance

The Office of the Chief Information Officer (OCIO), Office of the Chief Financial Officer (OCFO), and Office of Capital Access (OCA) are the primary Agency partners collaborating on DCMS. ODA also works closely with the Office of Procurement and Grants Management (OPGM) to obtain appropriate contracted resources and with the Office of Inspector General (OIG) for compliance with security features and audits.

Office of Capital Access

While we have not partnered with other Agencies on this initiative, other Agencies have contacted the SBA in hopes of using the E-Tran application as a model, best practice. The SBA has communicated with public and private organizations in the development of this IT solution. From this communication, we feel confident that our initiative has incorporated best practices in the origination of government guaranteed loans.

Currently, the E-Tran application is considered an Industry Best Practice. Public and private organizations, exhibiting best practices in XML programmed file transfers, describe the process as having the potential to alleviate many of the interoperability problems associated with the exchange of documents and data. Freddie Mac and Fannie Mae implemented their version of E-Tran processing in March of 2000.

- **Identify improved performance (e.g., outcome measures) by tracking performance measures supporting agency objectives and strategic goals.**

Office of Government Contracting and Business Development

The HUBZone System contributes significantly to organizational improvements in specific outcome-oriented terms. As it currently exists, the system has enabled an average certification staff of approximately four, to certify approximately 2,200 firms per year,

yielding a per staff productivity of approximately 550 applications per year. As earlier noted, in addition to processing applications for certification, the system will enable a small staff to process approximately 700 program examinations, almost 3,000 re-certifications, and 60-120 protests and appeals, annually. The system will also be expanded to assist HUBZone firms to access and market to the Federal contracting agencies. Success will be measured for each of these benefits in terms of production per staff, quality of decisions rendered, and timeliness of action.

Office of Disaster Assistance

The ODA strategic goals currently support key Agency objectives. Performance is tracked against the responsiveness of the program for timely processing of loan applications, disbursement of approved loan funds, and other core metrics. However, the goals are based upon “typical” disaster activity, which may be described as a relatively normal year in terms of activity which has generally averaged roughly 100,000 loan applications, resulting in 40,000 loan approvals for \$1 billion.

However, in the first two years of using DCMS, ODA has experienced highly unusual and non-typical volume of activity. In particular, FY06 results have been realized with a pace of activity never realized before, resulting in a record number of applications received of 387,502 resulting in 168,743 loan approvals for \$11.1 billion.

The tracking of strategic goals with this record activity is not a reasonable assessment of performance given the inability to compare the volume of activity against any previous period of time. Such factors as high activity due to significant disaster events are described as constraints within the ODA strategic plan.

Office of Capital Access

The E-Tran application provides the Agency with quality, timely data to support the management and oversight of its portfolio. The application has stored data and loan program validation requirements. This ensures that the Agency receives quality data on its borrowers and that the loan complies with statutory requirements.

Through this technology, we are better positioned to track performance measures. With the improved data quality, we believe that we can analyze our portfolio to make sure that Agency objectives are met and risk is mitigated.

- **Quantify the cost savings and cost avoidance achieved through implementing the initiative (e.g., reducing or eliminating other investments in information technology).**

Office of Government Contracting and Business Development

We estimate that program costs for application processing, recertification, and program examinations for the period FY 2003 - FY 2011 would aggregate approximately \$24.3 million. With the system, we estimate that the cost of performance would aggregate approximately \$11.4 million, yielding a cost avoidance of \$12.9 million. We estimate that system costs will aggregate approximately \$5.1 million during the same period, yielding a net benefit of \$7.8 million. Therefore, for the period FY 2003-FY 2011, we project a

discounted net benefit of \$7 million, and a discounted return on investment of 1.5. The base methodology used for this calculation is a variation of earned value management (EVM).

Office of Disaster Assistance

The DCMS has been in use for approximately two years and has only been in full use across the organization for roughly one year. During this latest one year period, ODA experienced the largest volume of loan application, processing, approval and disbursement activity in the history of the program. This response is still on-going and the quantification of realized benefits is premature at this time.

In the planning stages of the project, we performed a cost/benefit analysis within the Business Case for DCMS and determined that new technology for disaster loan making would affect savings in costs in some of our greatest expense categories. The analysis was based upon:

- Costs calculated in constant 2001 dollars
- Benefits based upon reductions in
 - Compensation and Benefits
 - Overtime
 - Travel and Per Diem
 - Mail and courier services
- Cost and benefit calculations discounted to arrive at “Net Present Value”
 - Discount rate: 3.2% per year (OMB Circular No. A-94, Jan 2001 revision).

The cost savings (benefits) begin to be realized incrementally throughout the Year 2 implementation causing a reduction in Comp & Benefits, Overtime, Travel & Per Diem for the staffed positions involved directly with the loan making function. The total cost savings are estimated to reach \$92,851,000¹ over a 9 year life cycle as depicted below:

Benefits (Thousands of Dollars)									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Compensation & Benefits		4,808	7,211	9,615	9,615	9,615	9,615	9,615	9,615
Overtime		891	1,337	1,782	1,782	1,782	1,782	1,782	1,782
Travel & Per Diem		1,724	2,586	3,448	3,448	3,448	3,448	3,448	3,448
Mail/Courier Expenses		0	180	240	240	240	240	240	240
Status Quo Operations & Maintenance		0	298	298	298	298	298	298	298
Annual Disaster Benefits		7,423	11,611	15,383	15,383	15,383	15,383	15,383	15,383
Net Present Value Discount Rate	0.9690	0.9389	0.9098	0.8816	0.8543	0.8278	0.8021	0.7773	0.7532
Net Present Value of Benefits	0	6,969	10,564	13,562	13,141	12,734	12,339	11,956	11,586

9-year Total Benefits (NPV)	92,851
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Year 2 benefits are estimated at 50% of the full anticipated amount which will be achieved in Year 4 due to the incremental implementation of the system. This analysis assumes a full

¹ The business case for DCMS estimates the life cycle costs at \$23,882,000, savings at \$92,851,000 for a net benefit of \$68,970,000.

fiscal year of implementation, whereas the actual deployment is scheduled to occur during FY 05.

Budget requests for future years will consider the cost savings of DCMS as well as the planned and anticipated operations and maintenance costs.

Office of Capital Access

Time/Cost Savings — This Fiscal Year (as of 9/30) 56,825 SBAExpress and Preferred Lenders Program (PLP) loans were processed electronically, via one of our E-Tran solutions. Bank of America, one of SBA's most active lenders, reports that, with the help of E-Tran, they are able to close their smaller, "more routine" loans within 5 days of the customer's request – a goal they once felt was unattainable. Prior to E-Tran implementation, this borrower-to-lender-to-SBA process could take up to 10 days. Generally, lenders using E-Tran report that they are able to *"get financing into the hands of small business entrepreneurs 36-48 hours sooner than the paper-based method of loan guaranty processing."* We would need a comprehensive study to accurately project the total 5-year cost-savings of E-Tran, but our lending partners suggest, anecdotally, that E-Tran enables substantial cost/time savings.

Approximately 939 loan processors, representing 343 banks, have signed on to electronically originate loans via E-Tran. With the help of SBA's district office personnel, we are aggressively marketing E-Tran to the remaining SBAExpress and PLP lenders who are not currently taking advantage of the program. By the end of next fiscal year, we hope to have 90% of all 7(a) lending processed electronically via E-Tran. Additionally, we are moving closer to an E-Tran solution for 504 loan processing, which should be piloted this fiscal year.

- **Explain how this initiative ensures the availability of government information and services for those without access to the Internet and for those with disabilities.**

Office of Government Contracting and Business Development

Applicants without access to the Internet are instructed to use alternate means to apply for HUBZone certification using any of the following personal computer resource centers: SBA District Office, SBA Business Information Centers, Small Business Development Centers, Procurement Technical Assistance Centers, or any public library that provides web access. In addition, specialized SBA staffs in district office locations (HUBZone liaisons) are trained in how to accommodate the special needs of those without Internet access.

Office of Disaster Assistance

All program information continues to be provided to disaster victims and other interested parties through written material. Program information is published through pamphlets and fact sheets and is available in general format in advance of a disaster event and is tailored for specific needs following each disaster. ODA has a field presence for personal contact in the affected areas following major disasters, allowing for the best possible customer service.

Office of Capital Access

The Agency has maintained that we will work with our financial partners to ensure that availability to our programs is not diminished. This means that the SBA will still accept loan

applications via Fax or mail until it is determined that all financial institutions have access to the E-Tran application.

While we have seen an enormous rise in E-Tran participation, it is our belief that rural and small financial institutions may be slow to adopt this technology. We will continue to process government guaranteed loans via our current process. In other words – no financial institution left behind.

2. Describe your process for determining which information will be made available on your agency's public website and the Internet as required in Section 207(f)(2) of the Act.

- **Describe your process for determining which government information the agency intends to make available and accessible to the public on the Internet and by other means.**

SBA managers are responsible for reviewing the quality (including utility, objectivity, and integrity) of information before such information is disseminated. SBA managers will be prepared to substantiate the quality of all information developed, maintained, and disseminated under their management and responsibility. Managers are responsible for maintaining required agency records in support of information created and maintained by their offices and then disseminated by SBA.

SBA managers should consult with the Office of the Chief Information Officer (OCIO) for assistance in determining whether any new information created and maintained by their offices and to be disseminated to the public falls within the Level I category described in the information quality guidelines published on the SBA home page. The CIO, in his or her discretion, may convene the Information Quality Assurance Panel to review the information to be disseminated and provide a recommendation as to whether SBA should consider the information to fall within Level I or Level II (basic standard information).

Level I Information: SBA managers who are responsible for information in the Level I – Influential category will ensure that such information has a high degree of transparency and reproducibility. Examples of practices that may be required to support reproducibility of information in this category are:

- Justify that the statistical and research methods used are sound;
- Document descriptions of methods and assumptions used;
- Freeze and archive the data set or the inputs into a model;
- Archive computer code used for a model;
- Archive the sources of data used;
- Document any discussion of data sources, methods, and assumptions;
- Evaluate the quality and logic underlying analytical results through periodic reviews;
- Document any limitations on data used.

We are in the process of obtaining and implementing a web content management system (CMS) for all SBA web sites. The system will allow SBA program offices to submit content modifications and new content directly to the Office of Communications and Public Liaison

(OCPL) for review. Once OCPL approves the content, it will be posted by OCIO to the web sites. The CMS contains a workflow process that will allow only authorized personnel to submit and review content.

The site has metadata for keywords and description. The metadata we collect allows the site to be searchable. During implementation of the CMS, additional metadata elements will be defined. The CMS tool will set expiration dates on pages and show who published the information.

- **Include a copy of the priorities and schedules for making your information available and accessible.**

The copy of the priorities and schedules is posted on the SBA.gov web site under “Web Site Content Inventory,” and is located at: <http://www.sba.gov/aboutsba/contentinventory.html>.

The copy of the information quality guidelines is available on the SBA home page and is located at: <http://www.sba.gov/aboutsba/integrity.html>

- **Explain how and when such final determinations, priorities, and schedules were available for public notice and comment.**

The SBA posts the schedules and priorities on the SBA Web site. It uses a priority scale of 1 to 4, with 1 being the most time sensitive. A comment link is posted on the inventory page located at: <http://www.sba.gov/aboutsba/contentinventory.html>.

The site provides information about the Agency and issues that impact small businesses. The link <http://www.sba.gov/aboutsite/> allows the public to provide feedback on the web site and view our web standards, policies and procedures.

- **Provide the link where final determinations, priorities, and schedules can be found on your principal Federal agency public website.**

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The site provides information about the Agency and issues that impact small businesses. The link <http://www.sba.gov/aboutsite/> allows the public to provide feedback on the web site and view our web standards, policies and procedures.

- **Identify progress to date for permitting searching of all files intended for public use on the website, displaying search results in order of relevancy to search criteria, and providing response times appropriately equivalent to industry best practices.**

SBA uses a site search function that allows users to search by keyword, in addition to an advanced search feature. Additionally, content categories are organized within the SBA search page to allow for quick and topical searches.

Search functionality is improved through Meta Data management via the Agency's Internet Content Custodians (ICCs). ICCs are required to update their Meta Data fields prior to publishing content throughout the public site. In addition, the Agency is migrating to a new content management tool (CMS) that will further improve the Meta Data management function of all content published in the future.

3. Describe how your agency's information dissemination activities are coordinated with its FOIA operations in order to improve both access to and dissemination of government information to the public. Your description must include a link to your agency's Information Resources Management (IRM) Strategic Plan and FOIA Improvement Plan.

SBA's Freedom of Information and Privacy Acts Office (FOI/PA), which provides management oversight and implementation of the Agency's FOIA and PA programs, employs the principles of the Electronic Freedom of Information Act Amendments of 1996 and vigorously promotes electronic FOIA activity, <http://www.sba.gov/foia/>. SBA receives the majority of initial FOIA requests electronically and almost all acknowledgments and referrals are provided electronically. Responses to FOIA requests and inquiries are provided electronically whenever practicable. Two years ago, SBA's FOIA Case Tracking System was deployed Agency-wide and allows all of SBA's FOIA contacts to enter and track FOIA cases. Frequently Requested Records, located at <http://www.sba.gov/library/recordsroom.html>, do not require the submission of a FOIA request.

Also available from the FOIA Homepage are links to SBA's Privacy Act Systems of Records and Privacy Impact Assessments, <http://www.sba.gov/foia/pias.html>. SBA's Executive Order 13392 FOIA Improvement Plan is available from the FOIA Homepage at <http://www.sba.gov/foia/EO13392ReportPlan.doc>. SBA's IT Strategic Plan is available from the OCIO Homepage at <http://www.sba.gov/ocio/>.

Describe specifically how you are fulfilling your responsibilities under the following provisions of the Act:

- **Section 207(d), "Categorizing of Information;" and,**

We are in the process of redesigning our web sites and transferring the content to a content management system, which will provide the web sites with metadata tags for easier access and improved search capabilities. We have used online random surveys and the SBA Answer Desk information to assist us in reviewing the performance of our sites. Our Strategic Plan can be found on our public website at <http://www.sba.gov/ocio/index.html>.

Note: Because of our redesign and migration to a content management system, some of our locations will be changing; we will redirect users to the new locations.

- **Section 207(e), "Public Access to Electronic Information."**

The Office of Administration (OA) is fulfilling its responsibilities in providing "Public Access to Electronic Information," as mandated by Section 207(e) of the E-Government Act

of 2002. We manage both paper and electronic records in a manner that allows the public easy access.

OA completed the development of an electronic records retrieval system. This system will allow users to retrieve, review, and print NARA-approved electronic and paper records disposition schedules. It will serve as an essential tool for matching records to a particular schedule and to determine the maintenance and retention span of those records. SBA employees can access this system through OA's Homepage on SBA's Intranet.

During the past three years, SBA has collected information on all the major electronic information systems in the Agency, and has submitted records schedules to NARA for approval. To date, NARA has approved the records schedule for a mission critical system, the Loan Accounting System, comprising 33 subsystems. NARA has also approved schedules for 22 additional electronic information systems.

We have already begun to transfer permanent electronic records to NARA. We collect new information as it becomes available, and will continue to schedule new electronic systems with NARA's cooperation.